

Federal Highway & Transit Investment Leadership

“One of our great material blessings is the outstanding network of roads and highways that spreads across this vast continent. Freedom of travel and the romance of the road are vital parts of our heritage, and they helped to make America great. Four million miles of streets and roads make it possible for the average citizen to drive to virtually every corner of our country—to enjoy America in all its beauty and variety. They also form a vital commercial artery unequalled anywhere else in the world.

“Our interstate system has reduced by nearly a day and a half the time it takes to drive coast to coast. And more efficient roads mean lower transportation costs for the many products and goods that make our abundant way of life possible. But let's face it: Lately, driving isn't as much fun as it used to be. Time and wear have taken their toll on America's roads and highways. In some places the bad condition of the pavement does more to control speed than the speed limits.

“We simply cannot allow this magnificent system to deteriorate beyond repair. The time has come to preserve what past Americans spent so much time and effort to create, and that means a nationwide conservation effort in the best sense of the word. America can't afford throwaway roads or disposable transit systems. The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost.

“So I'm asking the Congress when it reconvenes next week to approve a new highway program that will enable us to complete construction of the interstate system and at the same time get on with the job of renovating existing highways. **The program will not increase the Federal deficit or add to the taxes that you and I pay on April 15th. It'll be paid for by those of us who use the system, and it will cost the average car owner only about \$30 a year.** That's less than the cost of a couple of shock absorbers. Most important of all, it'll cost far less to act now than it would to delay until further damage is done...

“Common sense tells us that it'll cost a lot less to keep the system we have in good repair than to let it crumble and then have to start all over again. Good tax policy decrees that wherever possible a fee for a service should be assessed against those who directly benefit from that service. Our highways were built largely with such a user fee -- the gasoline tax. I think it makes sense to follow that principle in restoring them to the condition we all want them to be in.

“So, what we're proposing is to add the equivalent of 5 cents per gallon to the existing Federal highway user fee, the gas tax. That hasn't been increased for the last 23 years. **The cost to the average motorist will be small, but the benefit to our transportation system will be immense.** The program will also stimulate 170,000 jobs, not in make-work projects but in real, worthwhile work in the hard-hit construction industries, and an additional 150,000 jobs in related industries. **It will improve safety on our highways and will make truck transportation more efficient and productive for years to come.**

“Perhaps most important, we will be preserving for future generations of Americans a highway system that has long been the envy of the world and that has truly made the average American driver king of the road...”

President Ronald Reagan

**Radio Address to the Nation on Proposed Legislation for a
Highway and Bridge Repair Program
November 27, 1982**

**Testimony of the
American Road and Transportation Builders Association
before the
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
September 19, 2002**

Mr. Chairman, Congressman Borski, members of the Subcommittee, thank you very much for providing the American Road and Transportation Builders Association (ARTBA) an opportunity to present its recommendations for the reauthorization of the federal highway and mass transit programs.

I am Tom Hill, chief executive officer of Oldcastle Materials, the largest highway materials supplier and paving contractor in the United States. We are headquartered here in Washington, D.C. Oldcastle has operations in 25 states and employs over 15,000 people in the transportation construction industry. I am here today on behalf of ARTBA, which I am privileged to serve as its 2002 chairman.

ARTBA marks its 100th anniversary this year. Over the past century, its core mission has remained focused on aggressively advocating federal capital investments to meet the public and business community's demand for safe and efficient transportation. The transportation construction industry ARTBA represents generates more than \$200 billion annually to the nation's Gross Domestic Product and sustains more than 2.5 million American jobs. ARTBA's more than 5,000 members come from all sectors of the transportation construction industry. Thus, its policy recommendations provide a consensus view.

Mr. Chairman, at the outset I want to express our deep appreciation to you personally and the bipartisan leadership of the full committee for its work thus far to maintain the FY 2003 highway program at the current year's \$31.8 billion level.

At this hearing, we are focused on providing ideas for TEA-21 reauthorization. We at ARTBA believe one of the biggest things that the Congress and the Administration could do for reauthorization is to fund the highway program at \$31.8 in FY 2003 to establish that as the reauthorization baseline. The baseline difference between \$31.8 billion and \$27.7 billion is huge. Over six years, that difference alone could translate into almost \$25 billion additional dollars for highway investment across the nation.

As this committee has discovered through its comprehensive series of hearings on the reauthorization of TEA-21, the nation faces many surface transportation challenges. A wide array of transportation stakeholders have provided thoughtful suggestions on how these challenges could be addressed. Without adequate investment to fuel these solutions, however, we are faced with two equally unattractive policy alternatives: shifting money away from current activities to pay for new initiatives, or falling further behind in our efforts to, at minimum, maintain the surface transportation system's physical conditions, safety performance and traffic congestion levels. In our opinion, neither of these alternatives is acceptable.

In March 2001, the American Road and Transportation Builders Association published its detailed proposals for improving the federal highway and mass transit programs in a 72-page report entitled "A Blueprint for Year 2003 Reauthorization of the Federal Surface Transportation Programs." This report was the culmination of the work of a task force of over 100 ARTBA members. Our refined funding proposal for reauthorization, "Two Cents Makes Sense," was detailed before this subcommittee on July 16.

Mr. Chairman, ARTBA's vision for TEA-21 reauthorization is centered on three goals:

First, cutting the number of deaths and injuries on America's highways between 2004 and 2009 through targeted capital investments.

Second, ensuring that traffic congestion for the American public and business community does not get materially worse between now and 2009; and

Third, ensuring that the structural conditions of federally-aided highways, bridges and transit systems do not get materially worse over that same period.

These goals can only be accomplished by providing the capital investments the U.S. Department of Transportation and the American Association of State Highway and Transportation Officials (AASHTO) report are necessary to, at minimum, maintain existing system safety, physical conditions and performance.

New Assessments of National Transportation Capital Investment Needs: AASHTO, USDOT, APTA

The just released AASHTO "Bottom Line" report uses Year 2000 data provided by the state transportation departments and the U.S. Department of Transportation's HERS model to project highway and mass transit capital investment needs over the period 2000 to 2019. The report states that an annual capital investment of \$92.0 billion in 2000 dollars will be required during the next 20 years by all levels of government to maintain current conditions and performance on the nation's highways and \$125.6 billion will be needed annually to make all of the economically beneficial improvements identified by the model.

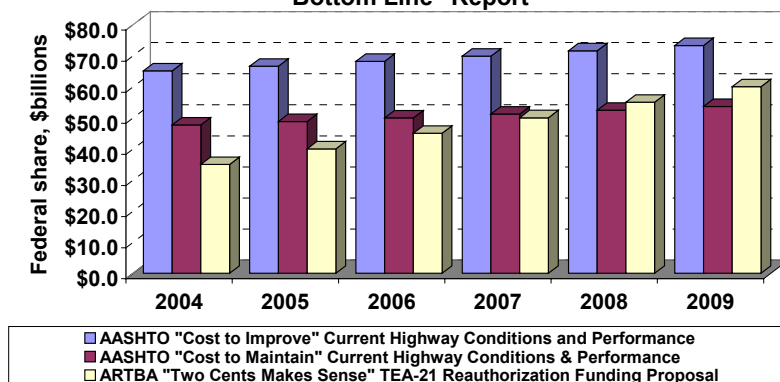
The AASHTO report does not assign a federal share to these needs estimates, nor does it factor in future price inflation. If one assumes the federal share of total highway capital investment, FY 2004-09, will continue to be about 47 percent¹—the average share over the past 20 years—and that annual inflation will be 2.4 percent²—the estimate used in the President's FY 2003 budget—the "Bottom Line" report suggests:

- The federal share of the investment needed "just to maintain" Year 2000 highway safety, structural and traffic congestion conditions would be \$47.7 billion in FY 2004, rising to \$53.6 billion in FY 2009.
- The federal share of the investment needed to make all economically justifiable improvements to the highway system would be \$65.1 billion in Year 2004, rising to \$73.2 billion in Year 2009.

Figure 1 graphically depicts how the ARTBA "Two Cents Makes Sense" proposal addresses these investment needs estimates suggested by the AASHTO "Bottom Line" report.

The U.S. Department of Transportation is expected to soon release the biennial surface transportation conditions, performance and investment requirement report it is mandated to submit to Congress. The most recent report, issued in 2000 and utilizing 1997 data, suggested a minimum \$50 billion per year federal investment requirement,

Fig. 1 - How ARTBA's "Two Cents Makes Sense" TEA-21 Reauthorization Funding Proposal Addresses the Federal Share of the Highway System Capital Investment Needs Identified in the 2002 AASHTO "Bottom Line" Report



¹ This is the average federal share of total public highway capital investment over the past 20 years, including FHWA administrative costs, found in the U.S. Department of Transportation annual publication "Highway Statistics" Table HF-10 for 1995-2001 and "Highway Statistics Summary to 1995" Table HF210 for 1982-1994.

² Council of Economic Advisors, the President's "FY 2003 Budget of the U.S. Government."

when adjusted for inflation and historic traffic use. Annual inflation alone would be expected to drive that reported annual investment need beyond \$60 billion by FY 2009.

The American Public Transportation Association (APTA) has stated that a \$14 billion per year annual federal investment is necessary to meet minimum national transit needs.

Existing Revenue Options

Financing this level of investment will require more revenues than highway users are currently projected to pay into the Highway Trust Fund during the next six years. Based on information such as current highway user fees, expected population growth, number of drivers, vehicle miles traveled and other factors, the Congressional Budget Office and the U.S. Department of the Treasury currently project that revenues into the Highway Account will grow from \$30 billion in FY 2004 to just under \$35 billion in FY 2009. Projected revenue growth between now and FY 2009 will thus be far less than needed to meet federal highway investment requirements during the next six years.

Nearly two years ago, ARTBA proposed a number of options for enhancing Highway Account revenues. These include:

- spending down the current cash balance;
- indexing the motor fuels excise taxes for inflation;
- crediting the Highway Account with gasohol tax revenues that currently go into the General Fund;
- ending the gasohol subsidy or reimbursing the Highway Trust Fund from the General Fund for the cost of the subsidy;
- crediting interest on the Highway Trust Fund balances;
- eliminating fuel tax evasion; and
- expanding innovative financing programs.

Table 1 provides the latest revenue estimates for each of these options. These figures were computed by ARTBA's economics and research team based on the most recent available data from the U.S. Department of the Treasury, the Congressional Budget Office and other government agencies.

Table 1 - Revenue Options for Financing the Federal-Aid Highway Program, FY 2004 - FY 2009
(millions of dollars)

	Fiscal year					
	2004	2005	2006	2007	2008	2009
Projected Highway Account receipts	30,035	30,981	31,884	32,831	33,803	34,797
<u>New revenue options:</u>						
Spend down Highway Account balance	2,000	2,000	2,000	2,000	2,000	2,000
Index motor fuels taxes for inflation	626	1,330	2,088	2,896	3,752	4,665
Transfer 2.5c/gallon ethanol revenue from GF	559	611	641	658	671	686
End 5.1c/gallon ethanol subsidy or transfer lost revenues from the General Fund	1,162	1,247	1,308	1,342	1,369	1,399
Credit interest on the HA balance	758	698	638	578	518	458
Eliminate fuel tax evasion	?	?	?	?	?	?
Innovative financing, public-private ventures	?	?	?	?	?	?
Subtotal, revenue options	5,105	5,887	6,676	7,475	8,311	9,208
Total	35,140	36,868	38,560	40,306	42,114	44,005
Potential Highway Account revenues from each cent per gallon motor fuels excise increase	1,407	1,451	1,491	1,526	1,558	1,590

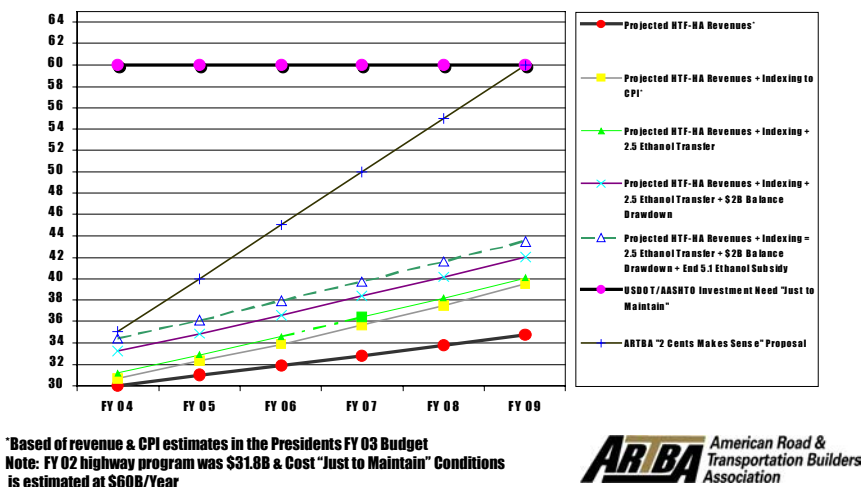
Source: ARTBA analysis of data from U.S. Treasury Department, Congressional Budget Office and FY 2003 Budget of the U.S. Government

If all of these revenue enhancements were enacted by Congress, they would add \$5 billion to projected Highway Account revenues in FY 2004. This would gradually rise to \$9 billion in FY 2009. This would allow the program to grow to \$44 billion by FY 2009, far short of the \$60 billion needed just to maintain current structural, safety and traffic conditions.

Whether Congress will, in fact, adopt any, or all, of these options is at this point a matter of conjecture.

What is abundantly clear is that a minimally-adequate federal highway program after TEA-21 will require significant new revenues, beyond these seven options.

Impacts of Funding Options to Grow the Federal Highway Program Including Annual User Fee Rate Adjustment of 2.2 cents/gallon or Less & True "Pay-As-You-Go" Investment Outlay



The main sources of funds for federal highway investment are the fees paid by highway users in the form of excise taxes on motor fuels—gasoline, diesel fuel and gasohol. Each penny of the motor fuels excise taxes currently generates about \$1.7 billion per year, with about \$1.4 billion being deposited into the Highway Account of the Highway Trust Fund and \$260 million deposited into the Mass Transit Account.

ARTBA has endorsed an increase in highway user fees as needed to maintain current structural, safety and traffic mobility conditions on the nation's highways and

bridges. But highway users should not be asked to pay any more than absolutely necessary. The proposal I want to outline this morning is designed to provide the necessary level of federal highway investment during the next six years at the minimum cost to highway users

"Two Cents Makes Sense" – A Funding Proposal to Meet the Investment Requirements Outlined by the U.S. Department of Transportation and AASHTO

On July 16, ARTBA detailed a needs based financing proposal for TEA-21 reauthorization—"Two Cents Makes Sense"—at a hearing conducted by this subcommittee. The financing plan is a refinement of the funding recommendations ARTBA published in March 2001.

The "Two Cents Makes Sense" plan would provide the revenue stream necessary to double the annual federal investments in highways—to \$60 billion—and mass transit—to almost \$14 billion—by FY 2009. This proposal is the only one currently being discussed that would grow federal highway investment during the next authorization period to the level the U.S. Department of Transportation (USDOT), the American Association of State Highway and Transportation Officials (AASHTO) and the American Public Transportation Association (APTA) report is the minimum needed just to maintain current safety, traffic congestion and structural conditions.

The “Two Cents Makes Sense” plan would provide steady, predictable and manageable federal highway program increases—in \$5 billion increments—from \$35 billion in fiscal 2004 to \$60 billion in fiscal 2009. Federal transit investment would increase under our proposal in \$1 billion annual increments. This would be achieved through:

- more efficient cash management of Highway Trust Fund (HTF) revenues; and
- a small, annual adjustment in the federal motor fuels excise user fee rate to assure the revenue stream necessary to cover the government’s cash outlay in that year for the highway and transit programs.

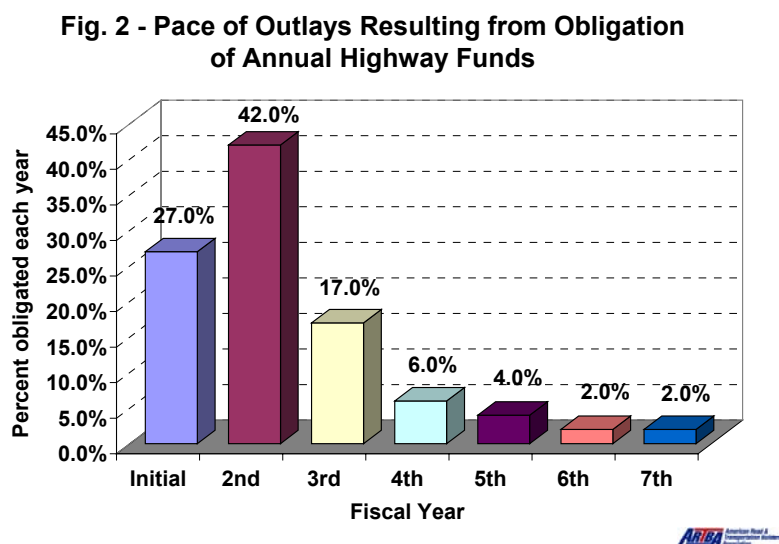
Our proposal is a logical evolution of the concept embraced by Congress in TEA-21 of directly linking annual highway investment to the user fee revenue stream.

Under our proposal, the TEA-21 budget firewalls and protections would be maintained. This would include annual funding guarantees in the authorization legislation and the budgetary protections for the highway and mass transit programs, including the separate budget categories and the point of order in the House Rules that can be raised against legislation that would reduce the guaranteed funding.

More Efficient Cash Management of Highway Trust Fund Revenues

Under TEA-21, as has been the case for several decades, the federal government has been collecting more highway user revenue each year than it actually needs to pay the annual bills—or outlays—for the highway and transit programs. As a result, this money is being “warehoused” for up to seven years before it is actually spent. That’s why the trust fund balance continues to balloon. Here’s how it happens:

Based on years of analysis, the White House Office of Management & Budget and the Congressional Budget Office have determined federal highway funds spend out over a period extending seven years. This spend out rate is unique among federal programs. Unlike the case with virtually every other federal program, of every dollar obligated during a fiscal year for the federal highway program, only 27 cents will actually have to be paid out of the HTF Highway Account during the first year. The next year, 42 cents will be paid, followed by 17 cents the third year and smaller amounts in following years (See Figure 2).



This “lag” between collection of user fee revenue from motorists and truckers to actual complete spend out of those revenues causes the significant annual growth in the Highway Trust Fund balance. Absent changes, the Highway Trust Fund’s Highway Account balance would grow steadily through FY 2010.

ARTBA proposes to correct this inefficient money management by returning the federal highway program to a true “pay-as-you-go” approach.

Returning to a True “Pay-as-You-Go” Approach

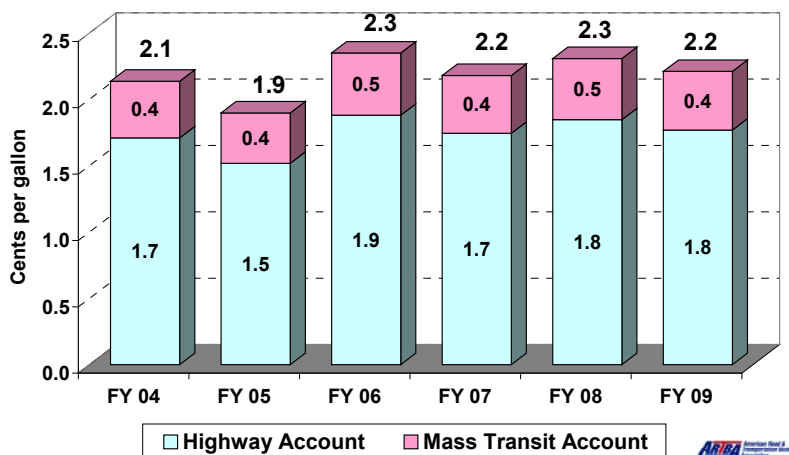
In the reauthorization, Congress would set annual investment targets to work toward accomplishing needs based performance results. This could be accomplished by starting with \$35 billion in FY 2004 and ramping in \$5

billion increments annually thereafter to \$60 billion in FY 2009. This would similarly be done for transit investment. Once these authorization levels are established, the Congressional Budget Office would determine the annual cash outlay needed to fund the new authorization, plus remaining past authorizations.

The reauthorization legislation would also include authority for an annual adjustment of the federal motor fuels user fee excise rate to produce the amount of revenue to the HTF needed to meet the highway and transit program cash outlays for the year. This adjustment would have two parts: (1) a base adjustment to protect that purchasing power of the highway and transit programs that would be linked to the annual Consumer Price Index (indexing); and (2) depending on U.S. Treasury revenue projections for the Highway Trust Fund from all sources during the upcoming year (i.e., could include possible recapture of ethanol revenues, interest on the trust fund, prudent use of the existing HTF balance, revenues from innovative financing) an adjustment in the motor fuels rate above indexing that is necessary to provide the revenue needed to meet the outlay target.

By implementing these recommended changes, it is possible to increase federal highway and transit investment significantly without a large, one time increase in the motor fuels excise user fee rate (which would also exacerbate the HTF balance build up just discussed).

Fig. 3 - Maximum Annual Motor Fuel Excise Rate Adjustment Necessary To Finance a \$60 Billion Federal Highway Program and \$14 Billion Mass Transit Program by FY 2009



Funding the annual authorizations we have proposed, would, with implementation of the changes we have recommended, require at most an annual adjustment of the federal motor fuels excise user fee rate of 2.2 cents per gallon. Approximately one-half cent of that increase would be the result of indexing to the CPI. If the HTF revenue stream were enhanced by redirection and equitable taxation of ethanol, use of the existing HTF balance, more revenues due to a robust economy—any or all—the annual adjustment in the motor fuels excise user fee rate would be lower than 2.2 cents per gallon (including indexing)! (See Figure 3)

Revenue RABA Provision: An Approach that Eliminates Current RABA Political and Program Planning Problems.

The “Two Cents Makes Sense” proposal would also replace the TEA-21’s RABA (Revenue Aligned Budget Authority) adjustment with a “Revenue RABA Provision.” The necessary user fee increases in Figure 3 were calculated using the most recent Highway Trust Fund projections by the U.S. Department of Treasury and the Congressional Budget Office. When TEA-21 is reauthorized, new calculations, based on the then current data, may indicate user fee increases slightly higher or lower than those in Figure 3.

Under a “Revenue RABA Provision,” if revenues into the HTF during any given fiscal year were to fall short of outlays, then the following year the statutory motor fuels excise user fee rate would be automatically allowed (or certified) to increase by the amount required to offset the deficit and make the trust fund whole. This would eliminate the political problems and program disruptions that have occurred with the FY 2003 transportation appropriation caused by the current RABA construct.

Conversely, if revenues to the HTF were to exceed required outlays during a fiscal year, then the following year the motor fuels excise user fee rate would be automatically decreased by the amount needed to offset the resulting surplus.

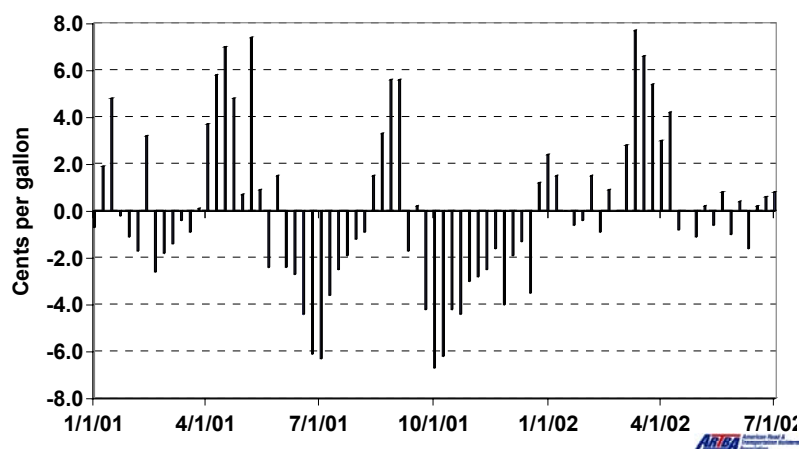
This “Revenue RABA Provision” would ensure that the highway and mass transit program does not contribute to the federal deficit during the next six years.

Looking Rationally at the Impact of an Annual Two Cent User Fee Adjustment: The Real World Gas Price Experience

During the past year and a half, the retail price of gasoline has fluctuated by an average 2.5 cents per gallon per week! (See Figure 4). In 14 of the weeks, the average national retail price of gasoline either increased or decreased by 5 cents per gallon or more. In 39 of the 75 weeks shown in Figure 4—or more than half the time—the average retail price nationally fluctuated at least 2 cents per gallon from one week to the next.

What this means, of course, is motorists are used to paying each week the level of annual adjustment in the federal motor fuels excise user fee rate proposed by ARTBA to support a \$60 billion federal highway and \$14 billion federal transit program by FY 2009!

Fig. 4 - Weekly Change in Retail Price of Gasoline, January 2001 - July 2002



ARTBA commissioned Zogby International to conduct a national survey of likely voters July 9-12, 2002, which found almost 70 percent would support an annual 2 cent per gallon increase in the federal motor fuels tax rate if the money it generated was used exclusively for transportation improvements. A 2 cent gas tax increase would cost the average driver \$12 per year, or 6 cents per day. That compares to the estimated \$259 each motorist pays per year in extra vehicle repair and operating costs driving on poor roads.

Tables 2 and 3, found at the end of this testimony, provide an analysis of how our “Two Cents Makes Sense” proposal would benefit individual state highway programs, based on both the existing apportionment formulas and in response to proposals to increase minimum state returns to 95 percent.

Maintenance of Effort Provision to Ensure Program Growth in Every State

A key component of financing highway, bridge and mass transit improvements is the partnership between federal, state and local governments to develop and maintain the nation’s surface transportation network. It is critical for all partners to make an appropriate commitment to transportation investment. Unfortunately, a number of states let their own funds for highway and bridge investment lag upon realizing the increased federal funds they would receive under TEA-21.

To ensure increased federal surface transportation investment actually results in more funds for transportation improvement projects, ARTBA believes the reauthorization of TEA-21 should include a “maintenance of effort” provision that makes increased apportioned federal funds contingent on individual state highway and transit program investment levels consistent with, at least, their prior year investment.

Additional Recommendations: Safety, Capacity, Planning, Project Approval, Research & Future Funding Issues

Mr. Chairman, in addition to our funding recommendations, we also have a number of suggestions for improving the current program structure and project delivery mechanisms. They address safety, capacity, planning, the project approval process and research issues. They are summarized below:

Safety

- **With new funding, upgrade the safety of high-risk, rural two-lane roads.** Over 77 percent of all fatal accidents occur on two-lane roads that generally are not eligible for federal assistance. ARTBA and the National Association of Counties has developed a joint proposal for a new program to provide \$1 billion annually to directly address the unique safety needs of rural two-lane roads. As the proposal calls for new revenues for the program, it would not come at the expense of any ongoing activities. It would, however, provide a direct source of federal revenues that states and local governments can use to improve safety on the nation's most dangerous roadways.
- **To ensure safety is a top priority on all federally-aided projects, require the use of unit bid pricing for safety-related products, activities and systems** on federally-aided project contracts.
- **Strengthen federal roadway infrastructure safety programs and increase federal involvement and investment in roadway construction work zone safety initiatives like the National Work Zone Safety Information Clearinghouse.**

Capacity

- **Use Interstate Highway Median, Air and Tunnel Right-of-Way for Development of Self-Financed "Truck Only" Lanes.** The dramatic growth in commercial motor vehicle traffic that has accompanied the growing U.S. economy over the last two decades has resulted in a wide variety of benefits. At the same time, however, increased truck activity, combined with increased passenger vehicle use, has lead to even greater strain on the nation's highway and bridge network.

To address these problems and challenges, the federal government should encourage state and local governments to construct and maintain new, self-financed "truck only" lanes where it can be demonstrated that such facilities would benefit: public health and safety; the national and regional economies; and homeland security.

- **The addition of highway lane capacity should be made an eligible use of National Highway System and the newly-designated "State and Local Bridge and Highway Program" funds,** even if some "induced-travel" might occur, as long as the NEPA process evaluates its potential.

Program Structure

- **The existing "Surface Transportation Program" (STP) under the Highway Title of TEA-21 should be renamed and restructured as the "State and Local Bridge & Highway Program" (SLBHP).** The law should emphasize that the primary function of this new program is to provide federal financial support for roads, bridges, pedestrian and bicycle infrastructure not on the National Highway System. Ten percent of SLBHP funds should still be allocated for transportation enhancements and categorical safety programs as is the case under current law. The dramatic increase in federal transit investment provided by the ARTBA "Two Cents Makes Sense" proposal would eclipse the need for shifting highway account revenues to transit purposes.
- **The National Highway System (NHS) is critical to federal objectives and the national economy. To ensure that federal funding for the NHS is a priority, allow the transfer of highway program funds**

under state control to *local or regional* transit projects only if the state's governor has certified that overall projected funding is adequate to meet all NHS capital needs outlined in the state's long-range transportation plan. A similar provision should be applied to the transfer of highway funds under the control of metropolitan planning organizations (MPOs).

Planning

We are heartened that members of the House and Senate from both parties continue to work on a solution to the dilemmas posed by the current environmental review and approval process for transportation improvement projects. The ill-conceived attempt to implement TEA-21's environmental streamlining provisions in 1999 demonstrates the clear need to tighten this provision and provide more explicit direction. Both Chairman Young and Senator Baucus are currently working such measures. We commend them and all members of this committee for the leadership they continue to show on this critical issue. It is important that any legislative fix to TEA-21's environmental streamlining requirements include provisions that:

- **Provide teeth to the TEA-21 mandate to streamline the environmental planning and approval process for highway projects and address problems created by extremist interpretation of NEPA 4(f) provisions.**
- **Eliminate the current federal requirement that state and regional transportation improvement plans must be "fiscally constrained,"** or limited to currently available funding. The "fiscally constrained" requirement for long range transportation plans has become a barrier to the consideration of visionary surface transportation projects planning. The multi-year nature of transportation projects and the transportation planning process makes the identification of funds before projects can be considered unrealistic. For example, few transportation planners anticipated a 44 percent increase in federal transportation investment when TEA-21 was being considered. Consequently, an adequate number of projects were not in the transportation planning "pipeline" due the fiscally constrained requirement and this contributed to a significant delay before TEA-21's investment levels produced tangible results.
- **Consistent with the stated purposes of the CMAQ Program, not use CMAQ funds for programs and activities that occur outside of federal air-quality non-attainment and maintenance areas.**
- **Reform the transportation conformity requirements with the federal Clean Air Act** to eliminate loopholes that have been exploited to unnecessarily delay or stop approved and environmentally sound highway projects.
- **In recognition that gridlocked traffic causes increased emissions of harmful air pollutants, construction of single-occupancy vehicle (SOV) lanes should be made an eligible activity under the Congestion Mitigation & Air Quality Program (CMAQ)** as long as the proposed project does not increase emissions of criteria pollutants. As an alternative, Congress could shift the funding for CMAQ programs and activities to the Highway Trust Fund's Mass Transit Account.

Research

- **Ramp up federal support for highway research and technology transfer to \$1 billion per year.** To maximize the benefit of limited federal research dollars, research investments should be merit based and consistent with an overall federal/state/industry developed strategic research plan. For this purpose, an advisory panel of federal, state, educational institutions and private-sector stakeholders should be created to make annual recommendations to Congress and the Administration for the disbursement of federal highway and transit research funds.
- **Require that the U.S. Department of Transportation's biannual reports to Congress on surface transportation conditions and investment requirements emphasize the *total* cost of maintaining both**

current system physical conditions *and* service performance levels. U.S. DOT should also be directed to utilize the Congressional Budget Office's most recent projections for future price inflation in projecting the future capital investment requirements.

- **Mandate a federal study that involves representatives of the transportation construction industry, public and private-sectors, and health agencies that examines the issue of roadway construction noise in urban areas** for the purposes of recommending best-practices for mitigating noise and providing a reasoned discussion of public health issues in this area.

Financing Surface Transportation Investments in the Future

- **Create a “blue ribbon” presidential task force to provide recommendations to Congress on how alternative motor fuels and/or motor vehicle use should be taxed at the federal level to ensure that future revenues to the Highway Trust Fund are not further diminished** as the nation transitions to non-gasoline/diesel powering sources (electricity, natural gas, ethanol, etc.) and reacts to other environmentally-based mandates affecting motor vehicle use and HTF revenues (CAFÉ standards, Transportation Control Measures, etc.). The structure for this commission should include key transportation stakeholders from the public and private sectors. The commission should be modeled on the National Civil Aviation Review Commission that was established in 1996 to provide consensus recommendations about the future of aviation policy, which was chaired by former Congressman and current U.S. Secretary of Transportation Norman Mineta.

Mr. Chairman, these and other types of important measures can become reality if ARTBA's recommendations to provide the necessary resources are provided for the next surface transportation reauthorization bill are embraced.

Again, we thank you for the opportunity to provide our ideas for reauthorization of the federal highway and mass transit programs. I would be pleased to try to answer any questions you might have about our testimony.

**Table 2 - Projected Apportionment of Federal Highway Funds Among the States
with a Minimum 90.5 Percent Share**

State	Apportionment with minimum 90.5% share							Percent increase FY 2003 - 9
	FY 2003 apportionment	FY 2004 apportionment	FY 2005 apportionment	FY 2006 apportionment	FY 2007 apportionment	FY 2008 apportionment	FY 2009 apportionment	
Alabama	515,376,243	624,158,080	713,323,520	802,488,960	891,654,400	980,819,840	1,069,985,280	107.6%
Alaska	302,964,480	366,912,000	419,328,000	471,744,000	524,160,000	576,576,000	628,992,000	107.6%
Arizona	450,251,827	545,287,680	623,185,920	701,084,160	778,982,400	856,880,640	934,778,880	107.6%
Arkansas	335,979,840	406,896,000	465,024,000	523,152,000	581,280,000	639,408,000	697,536,000	107.6%
California	2,338,238,426	2,831,776,640	3,236,316,160	3,640,855,680	4,045,395,200	4,449,934,720	4,854,474,240	107.6%
Colorado	327,227,533	396,296,320	452,910,080	509,523,840	566,137,600	622,751,360	679,365,120	107.6%
Connecticut	386,111,398	467,608,960	534,410,240	601,211,520	668,012,800	734,814,080	801,615,360	107.6%
Delaware	112,485,274	136,227,840	155,688,960	175,150,080	194,611,200	214,072,320	233,533,440	107.6%
Dist. of Col.	100,573,850	121,802,240	139,202,560	156,602,880	174,003,200	191,403,520	208,803,840	107.6%
Florida	1,200,127,757	1,453,441,920	1,661,076,480	1,868,711,040	2,076,345,600	2,283,980,160	2,491,614,720	107.6%
Georgia	918,577,946	1,112,464,640	1,271,388,160	1,430,311,680	1,589,235,200	1,748,158,720	1,907,082,240	107.6%
Hawaii	131,621,235	159,402,880	182,174,720	204,946,560	227,718,400	250,490,240	273,262,080	107.6%
Idaho	196,227,763	237,646,080	271,595,520	305,544,960	339,494,400	373,443,840	407,393,280	107.6%
Illinois	859,901,235	1,041,402,880	1,190,174,720	1,338,946,560	1,487,718,400	1,636,490,240	1,785,262,080	107.6%
Indiana	599,766,093	726,360,320	830,126,080	933,891,840	1,037,657,600	1,141,423,360	1,245,189,120	107.6%
Iowa	305,631,603	370,142,080	423,019,520	475,896,960	528,774,400	581,651,840	634,529,280	107.6%
Kansas	297,915,072	360,796,800	412,339,200	463,881,600	515,424,000	566,966,400	618,508,800	107.6%
Kentucky	445,590,835	539,642,880	616,734,720	693,826,560	770,918,400	848,010,240	925,102,080	107.6%
Louisiana	407,526,067	493,543,680	564,049,920	634,556,160	705,062,400	775,568,640	846,074,880	107.6%
Maine	133,822,259	162,068,480	185,221,120	208,373,760	231,526,400	254,679,040	277,831,680	107.6%
Maryland	418,479,398	506,808,960	579,210,240	651,611,520	724,012,800	796,414,080	868,815,360	107.6%
Massachusetts	473,893,414	573,919,360	655,907,840	737,896,320	819,884,800	901,873,280	983,861,760	107.6%
Michigan	829,527,104	1,004,617,600	1,148,134,400	1,291,651,200	1,435,168,000	1,578,684,800	1,722,201,600	107.6%
Minnesota	381,217,357	461,681,920	527,636,480	593,591,040	659,545,600	725,500,160	791,454,720	107.6%
Mississippi	331,034,010	400,906,240	458,178,560	515,450,880	572,723,200	629,995,520	687,267,840	107.6%
Missouri	600,439,347	727,175,680	831,057,920	934,940,160	1,038,822,400	1,142,704,640	1,246,586,880	107.6%
Montana	252,444,506	305,728,640	349,404,160	393,079,680	436,755,200	480,430,720	524,106,240	107.6%
Nebraska	197,522,483	239,214,080	273,387,520	307,560,960	341,734,400	375,907,840	410,081,280	107.6%
Nevada	184,290,445	223,189,120	255,073,280	286,957,440	318,841,600	350,725,760	382,609,920	107.6%
New Hampshire	131,284,608	158,995,200	181,708,800	204,422,400	227,136,000	249,849,600	272,563,200	107.6%
New Jersey	668,023,731	809,025,280	924,600,320	1,040,175,360	1,155,750,400	1,271,325,440	1,386,900,480	107.6%
New Mexico	251,305,152	304,348,800	347,827,200	391,305,600	434,784,000	478,262,400	521,740,800	107.6%
New York	1,312,716,608	1,589,795,200	1,816,908,800	2,044,022,400	2,271,136,000	2,498,249,600	2,725,363,200	107.6%
North Carolina	719,501,798	871,368,960	995,850,240	1,120,331,520	1,244,812,800	1,369,294,080	1,493,775,360	107.6%
North Dakota	166,630,464	201,801,600	230,630,400	259,459,200	288,288,000	317,116,800	345,945,600	107.6%
Ohio	894,237,210	1,082,986,240	1,237,698,560	1,392,410,880	1,547,123,200	1,701,835,520	1,856,547,840	107.6%
Oklahoma	392,041,216	474,790,400	542,617,600	610,444,800	678,272,000	746,099,200	813,926,400	107.6%
Oregon	309,774,707	375,159,680	428,753,920	482,348,160	535,942,400	589,536,640	643,130,880	107.6%
Pennsylvania	1,268,437,184	1,536,169,600	1,755,622,400	1,975,075,200	2,194,528,000	2,413,980,800	2,633,433,600	107.6%
Rhode Island	151,482,240	183,456,000	209,664,000	235,872,000	262,080,000	288,288,000	314,496,000	107.6%
South Carolina	428,086,221	518,443,520	592,506,880	666,570,240	740,633,600	814,696,960	888,760,320	107.6%
South Dakota	181,778,688	220,147,200	251,596,800	283,046,400	314,496,000	345,945,600	377,395,200	107.6%
Tennessee	586,741,210	710,586,240	812,098,560	913,610,880	1,015,123,200	1,116,635,520	1,218,147,840	107.6%
Texas	1,987,084,467	2,406,503,680	2,750,289,920	3,094,076,160	3,437,862,400	3,781,648,640	4,125,434,880	107.6%
Utah	199,102,042	241,127,040	275,573,760	310,020,480	344,467,200	378,913,920	413,360,640	107.6%
Vermont	116,265,856	140,806,400	160,921,600	181,036,800	201,152,000	221,267,200	241,382,400	107.6%
Virginia	669,706,867	811,063,680	926,929,920	1,042,796,160	1,158,662,400	1,274,528,640	1,390,394,880	107.6%
Washington	454,498,509	550,430,720	629,063,680	707,696,640	786,329,600	864,962,560	943,595,520	107.6%
West Virginia	287,790,362	348,535,040	398,325,760	448,116,480	497,907,200	547,697,920	597,488,640	107.6%
Wisconsin	506,390,886	613,276,160	700,887,040	788,497,920	876,108,800	963,719,680	1,051,330,560	107.6%
Wyoming	176,729,280	214,032,000	244,608,000	275,184,000	305,760,000	336,336,000	366,912,000	107.6%
Subtotal	25,894,400,000	31,360,000,000	35,840,000,000	40,320,000,000	44,800,000,000	49,280,000,000	53,760,000,000	107.6%
Discretionary and administration	3,005,600,000	3,640,000,000	4,160,000,000	4,680,000,000	5,200,000,000	5,720,000,000	6,240,000,000	107.6%
Total	28,900,000,000	35,000,000,000	40,000,000,000	45,000,000,000	50,000,000,000	55,000,000,000	60,000,000,000	107.6%

Source: ARTBA analysis of FHWA data



**Table 3 - Projected Apportionment of Federal Highway Funds Among the States
with a Minimum 95 Percent Share**

State	Apportionment with minimum 95% share							Percent increase FY 2003 - 9
	FY 2003 apportionment	FY 2004 apportionment	FY 2005 apportionment	FY 2006 apportionment	FY 2007 apportionment	FY 2008 apportionment	FY 2009 apportionment	
Alabama	515,376,243	627,277,967	716,889,105	806,500,243	896,111,381	985,722,519	1,075,333,657	108.7%
Alaska	302,964,480	327,405,729	374,177,976	420,950,223	467,722,470	514,494,717	561,266,964	85.3%
Arizona	450,251,827	572,401,432	654,173,065	735,944,698	817,716,331	899,487,965	981,259,598	117.9%
Arkansas	335,979,840	407,969,344	466,250,678	524,532,013	582,813,348	641,094,683	699,376,018	108.2%
California	2,338,238,426	2,970,377,618	3,394,717,277	3,819,056,937	4,243,396,597	4,667,736,256	5,092,075,916	117.8%
Colorado	327,227,533	416,001,662	475,430,471	534,859,280	594,288,088	653,716,897	713,145,706	117.9%
Connecticut	386,111,398	417,260,413	476,869,043	536,477,673	596,086,304	655,694,934	715,303,565	85.3%
Delaware	112,485,274	121,559,871	138,925,567	156,291,262	173,656,958	191,022,654	208,388,350	85.3%
Dist. of Col.	100,573,850	108,687,509	124,214,296	139,741,083	155,267,870	170,794,657	186,321,444	85.3%
Florida	1,200,127,757	1,525,712,513	1,743,671,443	1,961,630,373	2,179,589,304	2,397,548,234	2,615,507,165	117.9%
Georgia	918,577,946	1,167,780,561	1,334,606,356	1,501,432,150	1,668,257,945	1,835,083,739	2,001,909,534	117.9%
Hawaii	131,621,235	142,239,600	162,559,543	182,879,486	203,199,429	223,519,372	243,839,315	85.3%
Idaho	196,227,763	212,058,172	242,352,197	272,646,222	302,940,246	333,234,271	363,528,295	85.3%
Illinois	859,901,235	1,034,457,246	1,182,236,853	1,330,016,460	1,477,796,066	1,625,575,673	1,773,355,280	106.2%
Indiana	599,766,093	753,359,028	860,981,746	968,604,464	1,076,227,182	1,183,849,901	1,291,472,619	115.3%
Iowa	305,631,603	346,805,215	396,348,818	445,892,420	495,436,022	544,979,624	594,523,227	94.5%
Kansas	297,915,072	340,451,783	389,087,752	437,723,722	486,359,691	534,995,660	583,631,629	95.9%
Kentucky	445,590,835	566,475,951	647,401,087	728,326,223	809,251,359	890,176,495	971,101,631	117.9%
Louisiana	407,526,067	518,084,526	592,096,601	666,108,676	740,120,751	814,132,827	888,144,902	117.9%
Maine	133,822,259	159,823,381	182,655,293	205,487,204	228,319,116	251,151,028	273,982,939	104.7%
Maryland	418,479,398	532,009,406	608,010,749	684,012,093	760,013,436	836,014,780	912,016,124	117.9%
Massachusetts	473,893,414	535,696,371	612,224,424	688,752,477	765,280,530	841,808,583	918,336,636	93.8%
Michigan	829,527,104	1,054,570,961	1,205,223,956	1,355,876,950	1,506,529,945	1,657,182,939	1,807,835,934	117.9%
Minnesota	381,217,357	411,971,551	470,824,630	529,677,708	588,530,787	647,383,866	706,236,944	85.3%
Mississippi	331,034,010	420,840,804	480,960,919	541,081,034	601,201,149	661,321,264	721,441,379	117.9%
Missouri	600,439,347	740,454,648	846,233,883	952,013,118	1,057,792,354	1,163,571,589	1,269,350,824	111.4%
Montana	252,444,506	272,810,124	311,782,999	350,755,874	389,728,749	428,701,624	467,674,499	85.3%
Nebraska	197,522,483	236,755,872	270,578,139	304,400,407	338,222,674	372,044,941	405,867,209	105.5%
Nevada	184,290,445	211,506,740	241,721,989	271,937,238	302,152,486	332,367,735	362,582,983	96.7%
New Hampshire	131,284,608	141,875,816	162,143,790	182,411,763	202,679,737	222,947,711	243,215,685	85.3%
New Jersey	668,023,731	849,253,056	970,574,922	1,091,896,787	1,213,218,652	1,334,540,517	1,455,862,382	117.9%
New Mexico	251,305,152	271,578,855	310,375,834	349,172,813	387,969,793	426,766,772	465,563,751	85.3%
New York	1,312,716,608	1,418,618,243	1,621,277,992	1,823,937,741	2,026,597,490	2,229,257,239	2,431,916,988	85.3%
North Carolina	719,501,798	901,825,238	1,030,657,414	1,159,489,591	1,288,321,768	1,417,153,945	1,545,986,122	114.9%
North Dakota	166,630,464	180,073,151	205,797,887	231,522,623	257,247,359	282,972,095	308,696,830	85.3%
Ohio	894,237,210	1,136,836,385	1,299,241,582	1,461,646,780	1,624,051,978	1,786,457,176	1,948,862,373	117.9%
Oklahoma	392,041,216	491,814,895	562,074,166	632,333,436	702,592,707	772,851,978	843,111,249	115.1%
Oregon	309,774,707	374,753,733	428,289,980	481,826,228	535,362,475	588,898,723	642,434,970	107.4%
Pennsylvania	1,268,437,184	1,370,766,636	1,566,590,442	1,762,414,247	1,958,238,052	2,154,061,857	2,349,885,662	85.3%
Rhode Island	151,482,240	163,702,865	187,088,988	210,475,112	233,861,235	257,247,359	280,633,482	85.3%
South Carolina	428,086,221	544,222,480	621,968,548	699,714,617	777,460,685	855,206,754	932,952,822	117.9%
South Dakota	181,778,688	196,443,438	224,506,786	252,570,134	280,633,482	308,696,830	336,760,179	85.3%
Tennessee	586,741,210	745,919,257	852,479,151	959,039,045	1,065,598,939	1,172,158,833	1,278,718,727	117.9%
Texas	1,987,084,467	2,526,164,084	2,887,044,667	3,247,925,251	3,608,805,834	3,969,686,418	4,330,567,001	117.9%
Utah	199,102,042	245,150,303	280,171,775	315,193,246	350,214,718	385,236,190	420,257,662	111.1%
Vermont	116,265,856	125,645,447	143,594,796	161,544,146	179,493,495	197,442,845	215,392,194	85.3%
Virginia	669,706,867	851,392,813	973,020,358	1,094,647,903	1,216,275,448	1,337,902,992	1,459,530,537	117.9%
Washington	454,498,509	577,635,607	660,154,979	742,674,351	825,193,724	907,713,096	990,232,469	117.9%
West Virginia	287,790,362	311,007,459	355,437,096	399,866,733	444,296,371	488,726,008	533,155,645	85.3%
Wisconsin	506,390,886	591,527,567	676,031,505	760,535,443	845,039,381	929,543,319	1,014,047,257	100.2%
Wyoming	176,729,280	190,986,675	218,270,486	245,554,297	272,838,108	300,121,918	327,405,729	85.3%
Subtotal	25,894,400,000	31,360,000,000	35,840,000,000	40,320,000,000	44,800,000,000	49,280,000,000	53,760,000,000	107.6%
Discretionary and administration	3,005,600,000	3,640,000,000	4,160,000,000	4,680,000,000	5,200,000,000	5,720,000,000	6,240,000,000	107.6%
Total	28,900,000,000	35,000,000,000	40,000,000,000	45,000,000,000	50,000,000,000	55,000,000,000	60,000,000,000	107.6%

Source: ARTBA analysis of FHWA data

